



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

Room 110 Capitol Building \* P.O. Box 201711 \* Helena, MT 59620-1711 \* (406) 444-2986 \* FAX (406) 444-3036

Legislative Fiscal Analyst  
CLAYTON SCHENCK

January 30, 2006

Ann Bauchman, Administrator  
PO Box 201601  
Helena, MT 59620-1601

Dear Ms. Bauchman:

As part of its oversight responsibilities the Legislative Finance Committee (LFC) has been receiving and reviewing updates on activities of and progress by a number of state functions. As a part of this ongoing effort, the LFC is requesting an update on the published goals and objectives (attached) for the following function of your agency:  
CSED

The committee would like an informal response that addresses how well you are meeting each of the stated goals and objectives. Be specific where you can. A standard form is attached for your convenience.

Please provide your response by February 17, 2006, which you may send via email to Diane McDuffie at [dimcduffie@mt.gov](mailto:dimcduffie@mt.gov). Your response will be forwarded to the members of the committee, and a discussion will be considered for inclusion at the next LFC meeting.

We appreciate your attention to this request. If you have any questions, please contact Taryn Purdy at [tpurdy@mt.gov](mailto:tpurdy@mt.gov) or at 5383.

Sincerely,  
Clayton Schenck

cc: Mary Sexton, Director

# Legislative Finance Committee Update on Goals and Objectives

**Agency:** DNRC

**Function:** CSED

**Agency Contact:** Ann Bauchman

**LFD Contact:** Barbara Smith

**Respond By Date:** February 17, 2006

**Email to:** Diane McDuffie, [dimcduffie@mt.gov](mailto:dimcduffie@mt.gov)

Please discuss how well are you meeting each of the published goals and objectives (attached) for the listed function(s) for the current fiscal year. Be as specific in your response as possible. For example, what (if anything) are you measuring to determine accomplishments? Are you progressing towards goals? Have you suffered any setbacks or encountered any particular challenges? How can the legislature assist you?

## **GOALS AND OBJECTIVES FISCAL YEARS 2006-2007**

### **CENTRALIZED SERVICES DIVISION**

**Mission:** Strives to deliver superior and responsive service to employees and divisions within the agency, and the public, while minimizing costs and maximizing effectiveness.

**Provide analysis, information, and recommendations to the Governor, Legislature, and other state and federal officials to influence state, regional, and national resource policy.**

Progress: One legal position was lost due to budget reductions in the FY03 Legislative Session. Some extension of deadlines has occurred. FY05 session funded another attorney position, but DNRC still has 1.5 fewer attorneys than in 2003. Litigation on water right matters continues to increase, and timely responses in this area is a department concern. The department may seek additional resources in this area during the 2007 Legislature.

**Provide legal advice and representation to the state Board of Land Commissioners and the department.**

Progress: Provided legal advice to department and Board of Land Commissioners concerning legislative and agency policy affecting both the short-term and long-

term operation of the agency and implementation of laws administered by the department and board; coordinated the development of rules; determined and implemented agency litigation strategies, including prosecution, defense and settlement strategies, in both administrative and legal forums, and provided legal assistance for agency personnel on a daily basis.

**Ensure proper and timely collection and distribution of revenue earned from school trust lands.**

Progress: Funds are deposited daily with distributions made in a timely manner. The addition of a Trust Accountant to better meet this goal has proven highly beneficial. An enhanced data base system (TLMS) has provided better resources for field deposit identification. Continued enhancements and training in this area are planned for FY06 and FY07.

**Ensure that the department's fiscal management practices are consistent with "Generally Accepted Accounting Principles" (GAAP).**

Progress: The Financial Audit for fiscal years 2003 and 2004 reflected concerns in department financial reporting. The Fiscal Bureau is working closely with the Dept. of Administration regarding fiscal year-end closing guidelines. Improvements were seen with FY05 closing entries. Planning for the FY05 and FY06 Financial audit is underway with the Legislative Auditors, and the audit report is anticipated in December 2006.

**Coordinate accounting functions for the issuance of both Coal Severance Tax and General Obligation Bonds for the Renewable Resource Grant and Loan Program and department construction projects.**

Progress: Two new General Obligation Bonds were issued in the Spring of FY05 (2005F and 2005G) for \$3,875,000 and \$2,110,000 respectively. The 2005F bonds were issued to provide state matching funds for the Drinking Water State Revolving Fund and the 2005G bonds were issued to provide matching funds for the Water Pollution Control State Revolving Fund. Both enabled the department to obtain certain grants from the Environmental Protection Agency.

**Provide timely and accurate DNRC-related financial information to department managers, the Governor's Office, the Legislature, and federal agencies.**

Progress: Financial reporting to federal and state officials has increased substantially over the past few years. The division has worked to improve its reporting procedures to better meet the increased requirements. Department managers receive monthly financial information. Fund balance reports are sent to divisions monthly to enhance cash flow monitoring.

**Provide and coordinate a variety of training opportunities for department personnel in the areas of: Management/Supervision of Employees, Office Technology, Computer Literacy and Employee Relations.**

Progress: The Department is developing, coordinating and evaluating a variety of computer based and instructor based training in the following specific areas:

Instructor Based: Recruitment/Selection, Performance Appraisal, Discipline Handling, Conflict Resolution, Working with the Media, SABHRS Reports for Managers, Running Effective Meetings, Basics of Management and Supervising Difficult Employees. Computer Based Programs: Sexual Harassment Prevention, Model Rules of Ethics, Public Information, Access, Excel, Power Point, Front Page, Windows XP, Outlook and Word.

The department is also offering a variety of training to managers and non-managers around the state. This minimizes travel and lodging costs and increases participation. Training topics: Conflict Management; Meetings For Results; Time Management and The Skill in Delegation.

**Provide personnel, equal employment opportunity, ADA, and affirmative action services to the department; communicate pertinent personnel and employment information to the public and to department personnel.**

Progress: Presentation are made around the state on a variety of key personnel activities such as: ADA, FMLA, Training, Discipline Handling, Personnel Management, Recruitment/Selection, Ethics, Compensation and PP 20.

DNRC Employee Web Site has been expanded to include job opportunities; sexual harassment prevention, training and all forms and processes relevant to all personnel actions.

**Ensure that timely, courteous, and efficient administrative support services are provided to department personnel.**

Progress: Ongoing.

**Increase legality of procuring fire fighting items and services while at the same time reducing costs.**

Progress: Last fire season saw competitive bid solicitations and contracts for firefighting supplies such as sack lunches, ice and portable toilets. Staff is currently working with USFS to establish processes to jointly solicit proposals, score proposals, and inspect equipment, issue agreements and order water handling equipment for use during fires.

**Provide Department staff with written policies and procedures regarding procurement.**

Progress: Rewrote and updated Department manuals and policies for Procurement, grant and contract writing, and Pro-Card utilization.

**Provide the department with the systems analysis, programming, networking, and data-processing expertise and information necessary to meet current and future needs and security criteria.**

Progress: Field offices have been upgraded to faster connections on the state network to enable remote users to perform their duties in a more efficient manner. Novell small-office servers have been installed in all but four of the field and area offices to provide for better storage of division files and to provide for backups of critical data. Missoula and Kalispell now have networking/desktop staff to assist program staff in those areas with computer setup, networking and troubleshooting. A programmer is working to provide for internal development and maintenance of department applications. Automatic deployment of Windows patches is in place, and efforts are under way to deploy common software so we can easily count computers and printers, deploy updates and manage software on user computers.

Program additions (Ajudication and Land Banking) have stretched network and programming staffing to the limits. Additional resources may be requested in the 2007 Legislature.

**Provide for department personnel, and occasionally for other state agencies, the writing, editing, graphic design, print coordination, and computer-assistance skills and expertise necessary to produce and disseminate quality publications, reports, displays, maps, and other information-related services.**

Progress: Layout and design services are provided for many of the edited publications, compilations of statutes, posters, banners, large checks, maps, etc. Editing services are no longer available inhouse due to reclassifying the position into a web designer.

**Disseminate public information and provide opportunities for public involvement.**

Progress: Working closely with all divisions within DNRC, the public information officer has been heavily involved in most agency activities of public interest or need. Interest group meetings were held in the spring of 2005 with follow-up meetings held in late fall for public input.

**Create and maintain the agency website to ensure accurate, pertinent and timely information is conveyed through the site to the public.**

Progress: The department web page has been converted to the state-established standard and modified to provide better public access to timely information. The website is updated on a regular basis as the department has designated one full time staff member to coordinate the site.

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## **CONSERVATION AND RESOURCE DEVELOPMENT DIVISION**

**Mission:** Provide technical and financial assistance to local governments, state agencies, and private citizens for the conservation, development, protection, and management of the state's natural resources. This update is provided through December 31<sup>st</sup>, 2005.

### **Conservation Districts**

**Provide direct assistance and a certain amount of supervisory responsibility to 380 district supervisors and approximately 60 staff members.**

Progress: On-going

**Provide administrative, financial, technical, and legal assistance to the 58 soil and water conservation districts, local government units that cover the entire state, including most cities and towns.**

Progress: On-going

**Operate the Administrative Grants Program for conservation districts to provide funds for operations support.**

Progress: Completed the annual administrative grant cycle for conservation districts. Fifty-eight (58) grants totaling \$275,000 have been awarded to districts.

**Operate the 223 Program for conservation districts providing grants for projects that conserve and enhance natural resources.**

Progress: Two application cycles of the three cycles for 223 program grants have been completed. Twenty-three (23) grants totaling \$170,000 have been awarded to the districts.

**Provide assistance and guidance to conservation districts administering the Natural Streambed and Land Preservation Act (310 permit program) regulating projects that affect the bed or banks of perennial streams.**

Progress: Progress to improve the permitting process included distributing a project review guide for conservation district supervisors and others involved in permitting. Updated and distributed the Joint Application for Streams and Rivers in Montana, began drafting an update to A Guide to Stream Permitting in Montana, began drafting a model rules package for CDs to adopt. Three 310 workshops for CD supervisors were conducted, and participated in other educational events about stream-permitting requirements.

**Provide financial and administrative support to conservation district based watershed groups.**

**Yellowstone Conservation District River Council: CDB has been working with 13 CDs that have joined together to address natural resource concerns along the Yellowstone**

River. The council continues to work with the Montana Natural Resource Information System (NRIS) to make geographical information accessible on NRIS's website. A geomorphic analysis was completed, and the results are available on the website; a fisheries analysis is not yet complete. CDB assisted the CDs in reviewing contracts that were ultimately signed by the CDs and the US Army Corps of Engineers (COE). These contracts signify the beginning of local participation in a comprehensive study of the Yellowstone River. COE will provide 75 percent of the cost of this study. The CDs' interest is to ensure that (1) people who live and work along the Yellowstone have a say in the federal study; and (2) what comes out of the study is useful to CDs and other agencies.

**Missouri River Conservation District Council:** CDB has been working with 15 conservation districts along the Missouri River to exchange information and provide support to solution of natural resource issues. The group has completed a data gap analysis and worked to identify common issues along the River.

Progress: Thirteen (13) watershed assistance grants were awarded to thirteen conservation districts so far.

**Administer Rangeland Resource Program to foster sound rangeland management; coordination between federal, state and private entities; provide loans for such improvements developing stockwater tanks; and sponsor camps, tours and seminars.**

Progress: Co-sponsored the Youth Range Camp.

**Conduct natural resources conservation education activities, including grants that allow teachers to develop education projects around local resource issues.**

Progress: Awarded eight conservation education mini grants to date.

**Work with and help fund the Montana Salinity Control Association to control saline seep. Two hundred twenty five thousand dollars (\$125,000) was disbursed from July 2005 through December 31, 2005.**

**Administer state funding support for operating of the Montana Grass Conservation Commission.**

Progress: Administered funding agreements for the Montana Grass Conservation Commission.

### **Resource Development Grant and Loan Programs**

**Administer grant and loan programs totaling over \$340 million in bond authority and over \$10 million in grants each biennium, most of which is provided to local governments to finance natural resource projects.**

Progress: Actively working with all project sponsors to implement and finance natural resource projects.

**Provide grants and loans to public and private applicants for renewable resource development projects under the Renewable Resource Grant and Loan Program.**

Progress: Loans to Governmental Entities: Outstanding loans totaling \$48 million are being administered to assure payment and protect against default. New loans

have been closed for repair of irrigation projects. Private Loan Program: The private loan program has closed a total of 338 loans outstanding with a balance of \$16 million. The private loan program can now offer loans at a rate of 4.3 percent for qualifying projects. Grants to Governmental Entities: For the 154 funded projects approved by the last 2 legislative sessions grant agreements have been executed and a total of \$1,590,000 has been disbursed, of those 30 project-planning grants have been made to local governments. There have been no emergency grants to date in FY 2006. Private Grants: There have been 19 private grants awarded totaling \$31,000 as well.

**Administer loans to local governmental bodies under the Treasure State Endowment Program.**

Progress: CARDD continues to coordinate efforts on the proposed regional water systems. Authority to close TSEP loans continues. However, program staff is actively trying to pursue more advantageous loan terms for these local governments in association with the SRF loan programs.

**Provide grants to governmental bodies for projects that indemnify Montana citizens for the effects of past mineral development on public resources and that meet other crucial state needs under the Reclamation and Development Grants Program.**

Progress: Of the 29 grants authorized by the Legislature, a total of \$1,937,000 to date was disbursed. Projects from previous biennium are being administered.

**Provide for the issuance of low interest loans to governmental entities to finance wastewater treatment facilities and non-point source projects under the State Wastewater Treatment Revolving Fund Program.**

Progress: A total of \$188 million in loans have been closed under this program. The staff is actively administering all outstanding loans and financial accounts to assure payment, prevent any default, and to provide financial assurance for the long-term existence of the revolving fund. This biennium 5 new loans to local governments were closed for a total of \$16 million. These loans have interest rates of 3 to 4 percent.

**Provide for the issuance of low interest loans to local governmental entities to finance drinking water facilities under the State Drinking Water Revolving Fund Program.**

Progress: A total of \$83 million in loans have been closed under this program. The staff is actively administering all outstanding loans and financial accounts to assure payment, prevent any default, and to provide financial assurance for the long-term existence of the revolving fund. This biennium a total of 7 loans were closed for \$24 million. These loans have interest rates of 3 to 4 percent.

**Assist conservation districts in administering water reservations.**

Progress: Program staff is actively working with conservation districts to review and process applications for reserved water as well as provide policy assistance. Considerable interest in Conservation District reserved water exists in the lower

Missouri and lower Yellowstone rivers. Activity in the upper Missouri basin and upper Yellowstone is lower. Staff work is ongoing.

**Provide assistance to irrigation districts, conservation districts, and individuals throughout Montana in the development of new and improved irrigation efforts.**

Progress: The department has filled the professional position needed to staff this effort. Appropriation authority for \$36,000 allowed the program to provide limited financial assistance to local efforts aimed at developing irrigation.

**Provide assistance to the regional water systems being developed in the state.**

Progress: The Fort Peck Dry Prairie Rural Water System in northeastern Montana awarded contracts for construction of 23-mile leg of water main from Culbertson to Medicine Lake. Water from the existing Missouri River water treatment plant at Culbertson will be pumped northward to serve the communities of Froid and Medicine Lake and a number of rural connections on an interim basis. The next leg will connect in Bainville and other rural users. Pipeline work will start construction in April, 2006.

Progress: Authorization of the Rocky Boy's North Central Montana Regional Water System was signed into law in 2002 (PL 107-331, Title IX). Some recently completed activities are a BOR value engineering study for the entire project, a water conservation plan, and public hearings. The FER has been submitted to Congress for the mandatory 90-day waiting period required before construction funds can be released.

Progress: The (Central Montana Musselshell Valley) Regional Municipal Water Project for central Montana is planned to stretch from southwest of Utica east to Melstone via Roundup, with branch mains south to Harlowton, Shawmut, Ryegate, and Lavina. The preliminary estimated cost is \$34 million. The State Coal Board has granted a total of \$525,000 for drilling, water testing and engineering studies. This has been completed.

Progress: The Dry-Redwater Project was established due to interest from local officials and residents of Garfield, McCone and portions of Dawson and Prairies Counties. The 2003 Montana Legislature appropriated \$30,000 to fund a feasibility study of a small regional water system for the area. DNRC has contracted with McCone CD for grant administration. A steering committee has been formed, a phone survey completed, and a request for technical qualifications advertised. The steering committee has selected a qualified engineering firm, and the feasibility study has been completed.

## FORESTRY DIVISION

Mission: Ensure sustainability of Montana forests, rural lands, and communities through cooperative wildland fire protection, sound forest management practices, and by promoting a viable based economy.

*Protect the state's natural resources from wildfire, insect pests, and disease.*

*Sustain or improve the natural resources of private forestland for the good of all Montanans.*

*Promote and support conservation practices on all lands in Montana.*

*Enforce the state's forest practices laws in a manner that is both fair and consistent to all parties, and that complies with the intent of the legislation.*

*Encourage the maintenance, planting, and management of trees and shrubs in Montana communities.*

### **Fire and Aviation Management:**

**Prevent and suppress wildland fires. Respond to approximately 400 wildfires annually on over 5 million acres that are directly protected and over 45 million acres that are protected cooperatively by the state and the counties.**

Progress: Total 2005 fires - 331. Total 2005 acres burned -10,806.

**Prepare initial attack forces to enable them to control 95 percent of all direct protection fires at less than 10 acres.**

Progress: 98% of all direct protection fires were held to less than 10 acres.

**Screen and procure approximately \$2,022,526 of federal excess property and develop and distribute it as fire suppression equipment and vehicles.**

Progress: Number of trips: FY05 - 17

Vehicles (8)	\$ 115,765
Supplies and Materials (24)	31,240
Aircraft & Parts (4)	2,997,461
Total Dollar Value	\$3,144,466

**Conduct annual wildland firefighting training for agency fire personnel and cooperators.**

Progress: Number of training sessions completed: 75 Number of trainees: 1,045

**Manage the fire assessment rolls by tracking over 58,000 entries on over 5 million acres and collecting over \$2,447,900 from private landowners for fire protection services.**

Progress: Assessment rolls updated and submitted to thirty-three (33) counties, August 2005.

**Manage the statewide DNRC radio communications network.**

Progress: Existing system operational and planned move to narrow band on schedule.

**Staff and maintain mission-ready aircraft.**

Progress: Six helicopters and three fixed-wing aircraft mission-ready. A total of 1275.1 hours were flown by DNRC aircraft with almost 800,000 gallons of water delivered to fires during the 2005 fire season.

**Award Volunteer and Rural Fire Assistance Grants.**

Progress: \$1,175,209 awarded to 56 counties.

**Assist Montana communities, local governments and other organizations in applying for and implementing Wildland Urban Interface Grants for fuel reduction, homeowner action, and information and education.**

Progress: Sixteen counties have ongoing National Fire Plan fuels mitigation grants, with two more planned this year. Almost \$7 million has been allocated in Montana to these types of projects since their inception in 2001.

**Assist Montana communities in developing and implementing Community Wildfire Protection Plans.**

Progress: Participated in completing 14 Community Wildfire Protection Plans and certifying the first four "Firewise Communities" in Montana.

**Develop new and replacement vehicles for the direct and county co-op. protection programs.**

Progress: FY05 completed 23 engine and truck development projects.

**Forestry Assistance Goals and Accomplishments:**

**Provide forest stewardship assistance to private forest landowners and communities.**

Progress: Specific accomplishments listed in Stewardship, Forest Practices, and Community Forestry programs respectively.

**Provide information, education, products, and funding for sustainable resource management to landowners and organizations.**

Progress: Three hundred and ten professionals, loggers, and landowners were trained in pest identification and management, and service foresters provided 703 person-days of education to private forest landowners, schoolchildren, and the general public, in FY 2005.

**Make agreements to reduce the fire hazard posed by timber slash from all logging operations on private land in Montana and certify compliance with slash standards.**

Progress: Opened 1,412 new hazard reduction agreements (HRAs) in FY2005.

**Enforce the state slash law in cases of non-compliance.**

Progress: Took over 26 HRAs due to non-compliance in the FY 2004. Worked with two purchasers/mills for non-reporting or inconsistencies.

**Provide Best Management Practices (BMP) and Streamside Management Zone (SMZ) information in response to all forest practices notifications, and provide on-site consultations for highest priority operations.**

Progress: BMP information sent to 1,412 HRA applicants.

**Conduct BMP/SMZ field visits or SMZ alternative practice on-site visits.**

Progress: 216 BMP/SMZ on-site consultations and 24 SMZ alternative practice requests approved in FY 2005.

**Implement corrective actions for all SMZ rule violations detected**

Progress: In FY 2005, 20 SMZ Warnings have been issued for violations of the SMZ law. One order has been issued.

**Implement the Forest Stewardship Program and the Forest Land Enhancement Cost Share Program (FLEP) in cooperation with other agencies and organizations, according to the Montana Stewardship Plan and steering committee decisions.**

Progress: 72 projects totaling \$207,384 have been completed to date. In FY05, 28 projects were completed representing \$102,022 and 49,570 acres.

**Provide technical assistance to private forest landowners upon request.**

Progress: Landowners have received 919 assists during FY 2005. These include wildfire protection, timbers sale assists and other assists.

**Continue Biomass Energy Program partnership with US Forest Service and Resource Conservation and Development (RC&D) Areas.**

Progress:

- Thompson Falls became the fourth Montana school heated with biomass in October. Five additional facilities were awarded construction grants in 2005, and

four of the five plan to begin operating in the fall of 2006. We are accepting proposals for the next round of construction grants until the end of February, and about 20 facilities are eligible to compete.

- Currently devoting significant funds in 2006 to increasing the efficiency of slash processing and transportation, gathering data on air quality questions, and resolving questions regarding stockpiling fuel.
- **Established a Montana Forest Biomass Working Group comprised of state agencies, industry and interest group partners. Three subgroups have been formed to work on the following issues: Supply (processing/transporting fuel, fuel quality, incentives for utilization); Environmental (air quality, nutrient cycling, sustainable forestry, forest health concerns); and Financing (business development for boiler manufacturing/distribution and fuel suppliers, and alternative financing for boiler projects).**

**Provide forestry services to the RC&D Areas as outlined in annual work plans.**

Progress: RC&D foresters were instrumental in implementing fuel hazard reduction grants at Georgetown Lake, McGregor Lake, Lake Rogers, on Montana Dept. of Fish, Wildlife & Parks land in Lincoln County (which was a cooperative venture between DNRC, the Northwest RC&D, Lincoln County and the USFS), and for the Elk Horn Subdivision near Whitefish, which became a new Firewise Community. The Hamilton RC&D forester put on a one-day Forest Expo at Lake Como to educate the public on forest health and fuels mitigation. In addition, RC&D foresters acted as technical advisors for street tree committees in Anaconda, Philipsburg, and Hamilton, and promoted the Fuels for Schools program, helping Philipsburg meet grant requirements for the program and providing information about the FFS to Anaconda, MT Tech, and the University of Montana in Dillon.

**Increase awareness of the importance of community forestry statewide through the program newsletter, newspaper articles, Arbor Day events, and community forestry awards.**

Progress: The urban forestry newsletter is now published electronically. The first e-version was made available in November 2005. A media campaign including Tree City USA public service announcements from the National Arbor Day Foundation was aired by nearly all Montana television stations in FY 2005. Montana ranked second nationally in the number of hours of air time allotted to the announcements. Over \$61K was awarded to nearly 70 communities, including grants for Tree Planting and Program Development (\$41,000), Arbor Day Celebration (\$18,000) and Tree City USA (\$1,000) designation, and professional training grants (\$1400). Nearly 100 communities celebrated Arbor Day in

Montana. The Governor's Arbor Day Celebration was held in a newly designated Tree City USA community, Choteau, on April 29th. The comprehensive program website now includes technical, financial and educational information for municipalities, tree care professionals and the general public.

**Assist Montana communities in developing community forestry leadership, organizations, and resources to carry out successful community forestry programs and projects.**

Progress: There are 41 communities with the Tree City USA designation. These communities have taken steps towards building and sustaining urban forestry programs at the local level. Two communities, Choteau and Wolf Point, were added to the Tree City USA list in FY 2005. Each of the new Tree City USA communities received a \$500 grant.

**Service all requests from Montana communities for technical community forestry assistance.**

Progress: 96 communities received technical assistance in FY 2005.

**Develop a network of supporters and sustainable partnerships to meet program objectives.**

Progress: The Montana Urban and Community Forestry Association (MUCFA) and the UCF Program implemented the Five-Year Strategic Plan for 2004-2009. The first annual progress report was presented to MUCFA for review at the October 2005 meeting. The 2005 Urban Forestry Excellence awards were presented to the Cities of Shelby and Conrad at the Annual Conference of the Montana League of Cities and Towns. Each community received a \$1,000 award with the distinction.

**Survey forest insects and diseases on state and private land, and print and distribute the Montana Insect and Disease Conditions report.**

Progress: The annual Montana Insect and Disease Conditions report was completed and will be ready for distribution as soon as the USFS prints it. Three million acres of aerial surveys were completed, and maps are in preparation for distribution to unit offices in FY 2005.

**Produce and sell approximately 900,000 seedlings for conservation plantings.**

Progress: Produced 1,031,027 seedlings for sale in FY 2005 and sold 916,377 seedlings.

**Produce 100,000 seedlings for reforestation of state-owned forest lands.**

Progress: Seedling requests from the Trust Land Management Division were down this year. 42,320 seedlings were produced for state-owned lands in FY 2005. 95,889 seedlings are scheduled for delivery to the TLMD in FY 2006.

**Set prices and manage costs so that the Montana Conservation Seedling Nursery is self-supporting by the year 2001.**

Progress: The Nursery remained self-funded in FY 2005. Income from seedling sales increased by 1.4 percent to \$376,323. Expenditures increased to \$385,039

in FY 2005 due to significant increases in personnel services and operating costs. Prior year surpluses in the Nursery SSR account were used to pay for the additional expenses.

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## **OIL & GAS CONSERVATION DIVISION**

### **GOALS & OBJECTIVES FOR 2005**

**Mission:** Prevent waste and provide for the conservation of crude oil and natural gas through regulation of exploration and production.

**Issue approximately 700 to 800 drilling permits per year; conduct Montana Environmental Policy Act (MEPA) compliance review and prepare documentation for each requested permit.**

Progress: In 2005, 1306 drilling permits were issued: 315 for oil, 413 for gas, and 577 for coal bed natural gas.

**Identify those non-conforming permit requests that require approval by the Board of Oil and Gas Conservation (BOGC), and prepare MEPA compliance documentation for permits on non-federally supervised lands.**

Progress: The BOGC granted 57 drilling exception locations in 2005.

**Regulate the development of oil and gas fields to ensure compliance with BOGC rules and accepted industry practice, and maximize the efficient recovery of Montana oil and gas resources.**

**Conduct public hearings (approximately 6 or 7 hearings and 200 applications per year) to promote conservation, prevent waste and protect correlative rights for oil and gas operations; to review and approve or reject approximately 600 notices per year pertaining to well work-overs, re-completions, abandonments, etc.; to maintain records on approximately 600 operator bonds and approve approximately 100 new bonds per year; and to propose and adopt rules pursuant to the Montana Administrative Procedures Act.**

Progress: The BOGC increased its public hearings to eight in 2005, due to increases in industry activity. There were 522 applications for hearing in 2005, and the BOGC issued 457 orders as a result of its public hearings. Staff maintained records on over 1100 active bonds in 2005, which included changes to 19 existing bonds and approval of 62 new and 15 replacement bonds. Staff processed over 860 Form 2-Sundry Notice requests for well work in 2005. The Board amended its rules in 2005 (ARM 36.22.1242), to reduce its privilege and license tax distribution from 0.026 percent to 0.018 percent of the market value

of oil and gas produced, saved, and marketed or stored with the state or exported therefrom.

**Collect, catalog, and maintain oil and gas well information and production data, associated geological data, well logs statistical information, and summary data for use by the public and the industry. Maintain database and well files on approximately 38,000 oil and gas wells; process new data on approximately 800 wells per year; process production reports (72,000 per year), publish the Montana Oil and Gas Annual Review and distribute via Internet and direct mail to 800 subscribers; maintain a core chip catalog on 12,000 wells and add approximately 150 wells each year; and maintain regional and field maps by adding new wells and status changes (approximately 900 entries).**

Progress: Information on 640 new wells was added to the database.

Approximately 200 of these were horizontal Bakken wells in the Richland County area. Monthly production reports were received and processed on over 7000 wells. Interactive website continues to allow direct public access to well and production information.

**Operate a field inspection program to ensure compliance with BOGC rules, resolve complaints, and gather accurate field information for use by the board and staff in making decisions. Conduct inspections on approximately 700 drilling wells, 2,100 producing wells, 300 plugged and abandoned wells, and 10 seismic exploration crews; respond to complaints and provide emergency response for spills, leaks, and other environmental problems; and provide recommendations for enforcement actions and reports and data in support of the regulatory program.**

Progress: BOGC field staff performed 3197 inspections in 2005, which included 888 routine/periodic inspections of producing wells, 583 compliance inspections, 326 abandonment and well site reclamation inspections, 156 pit inspections, 122 drilling inspections, 32 complaint investigations, and 8 emergency responses.

**Establish and administer the Underground Injection Control Program delegated by the U.S. Environmental Protection Agency (EPA) for the protection of groundwater through regulation of waste disposal and enhanced recovery injection wells. Regulate the operations of approximately 900 existing injection wells and issue approximately 30 to 50 new injection well permits per year; and, conduct approximately 1,000 well inspections and witness 280 pressure tests per year; and, maintain statistics and enforcement records per memorandum of understanding with the EPA.**

Progress: The BOGC continues to regulate approximately 900 active injection wells. In 2005, field staff witnessed 294 mechanical inspection tests on injections wells and performed 266 regularly scheduled injection well inspections. Form 7520 was submitted timely to U.S. EPA outlining program results and statistics.

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## **RESERVED WATER RIGHTS COMPACT COMMISSION**

**Mission:** Working to conclude compacts for the equitable division and apportionment of waters between the State and its people and the several Indian Tribes claiming reserved water rights within the state and between the State and its people and the federal government claiming non-Indian reserved waters within the state.

**Provide the legal, historical, and technical information and analysis to the Montana Reserved Water Rights Compact Commission that are necessary for effective negotiations to quantify federal reserved water rights in Montana.**

**Participate in the development, negotiation, and implementation of reserved water rights compacts with the Indian tribes and federal agencies in Montana.**

**Provide the same technical support services to the Montana Attorney General's Office for litigated reserved water rights cases, if negotiations are terminated.**

**Provide administrative support (including transcripts, correspondence, budget planning, personnel administration, travel, and meeting arrangements) to the Montana Reserved Water Rights Compact Commission to facilitate the development and negotiation of reserved water rights compacts with the Indian tribes and federal agencies in Montana.**

Progress as of December 30, 2005

Complete negotiations with the U.S. Forest Service in 2006 in time for significant public comment opportunity before a compact is introduced in the 2007 session. If settlement cannot be reached in 2006 then parties will so stipulate to the Montana Water Court, thus commencing litigation.

2. Continue progress on reaching a settlement with the Blackfeet Tribe. The parties have agreed to begin drafting a framework for agreement. Whether the settlement will be ready for the 2007 session is unknown at this time.
3. Continue technical work with CSKT with the goal of presenting a settlement to the 2009 legislature.
4. Complete settlement on three remaining units of the U.S. Fish & Wildlife Service Refuge system by 2009.
5. Contact the Turtle Mountain Tribe in North Dakota to discuss how to resolve the water rights issues on public domain allotments in Montana.
6. Continue efforts to secure Congressional ratification of the Fort Belknap and Crow settlements by 2009.

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## **TRUST LAND MANAGEMENT DIVISION**

**Mission:** Manage the State of Montana's trust land resources to produce revenues for the trust beneficiaries while considering environmental factors and protecting the future income-capacity generating capacity of the land.

### **Agriculture and Grazing Management**

**Provide income to the state school trusts through the orderly leasing, renewal, recording, assignment, subleasing, and filing of mortgages on grazing and agricultural leases.**

Progress: Ongoing – Approximately 10% of the 10,000 agriculture & grazing leases expire and are renewed each year. Bills for grazing rentals are sent to lessees in January of each year, with payments due by April 1. Production reports for agricultural rentals are sent in the fall, and payments are due by December 31.

Assignments, sublease agreements and mortgages are processed as they are filed with the bureau.

**Provide periodic review and inspection of existing grazing and agricultural leases to ensure compliance with the lease agreement, statutes, and rules and regulations governing those leases.**

Progress: In 2005, 919 leases containing 1,350 tracts were inspected for renewal purposes. During 2006, 903 leases containing 1,409 tracts will be inspected.

**Manage state-owned grazing and agricultural lands to improve their current productivity and protect the land for sustained long-term use and revenue generation. Maintain an up-to-date department policy regarding the participation of state lessees in the Federal Farm Program to ensure the state receives its fair share of the program benefits and complies with federal regulations.**

Progress: As leases are inspected and renewed, resource problems are noted and special lease stipulations are added to the agreement to address those issues. \$3.4 million was received during 2005 for agricultural lands eligible for participation in the Federal Farm program, including the Conservation Reserve Program (CRP) and the Direct & Counter Cyclical Program (DCP).

**Record all agreements and resource information within the Trust Land Management System (TLMS) for the orderly retrieval and use in making management decisions for the benefit of the state school trusts.**

Progress: Approximately 930 leases will be issued or renewed during 2006.

**Conduct orderly review and evaluation of existing Resource Development projects to ensure proper maintenance and protection.**

**Inspect and record cultural resource sites on school trust lands to ensure their protection and quantification for future reference and preservation.**

Progress: Cultural Resource Inventories are completed on a project-by-project basis.

**Continue the water adjudication process on school trust lands.**

Progress: Ongoing. As new water projects are completed, water rights are filed for those uses. Additionally, as decrees for water basins are published, they are reviewed and any objections necessary to protect rights are filed.

**Continue to review, research, and implement computerized management information systems for surface and mineral management of school trust lands.**

Progress: The Division has completed the conversion to a new data base. Enhancements are ongoing to add new features that increase efficiency and accuracy.

## **Forest Management**

**Implement the State Forest Land Management Plan (SFLMP) and Forest Management Rules to maintain healthy and biologically diverse forests that produce income to the trust beneficiaries now and into the future.**

Progress: Ongoing - All timber sales being prepared fully incorporate the philosophy, standards, and guidance of the SFLMP and Rules.

Completed and published the 2005 SFLMP 5-year Implementation Monitoring Report (2001-2005) which summarizes the compliance results of the Forest Management Program in relation to the philosophy, standards, and guidance of the SFLMP and Rules.

Completed technical surveys and fish passage assessments on approximately 200 stream crossing structures.

Completed Internal BMP Audits on 11 ongoing and recently completed timber sale projects.

Completed fisheries habitat inventories and stream temperature monitoring on 30 sites.

Completed soil effects monitoring and woody debris surveys on 4 recently completed timber sale projects.

**Offer 53.2 million board feet (mmbf) of timber for sale in FY05-FY07.**

Progress: Ongoing - Expected to sell 53.2 mmbf of timber annually in FY05-FY07.

Sold 57.3 MMBF in FY 05 with Gross Revenues totaling \$16,596,191 (includes FI))

Sold 25.64 MMBF year-to-date in FY06 totaling \$7,321,004 in gross revenues (does not include FI). On track to hit 53.2 MMBF by fiscal year end.

**Continue the development of the Forest Land Habitat Conservation Plan (HCP).**

Progress: Ongoing - Complete draft conservation strategies in early 2005 along with drafts of the Environmental Impact Statement and HCP by late 2006.  
(CHECK DATES)

Completion of Draft Strategies – Draft conservation strategies have been completed for Grizzly Bear, Canada Lynx, Bull Trout, Westslope Cutthroat Trout, and Columbia Redband Trout. The transition land strategy has also been completed to address the removal or inclusion of lands into HCP.

Public Participation – All strategies have gone through initial technical and public review. Public comments have been reviewed by DNRC and USFWS and will be used to revise strategies, develop alternatives and frame the EIS analysis.

Analysis and Draft EIS tentatively to be completed in late fall of 2006.

**Formation of Data Working Group (DWG) to review data and GIS needs and to oversee the possible development of a scalable, integrated data management system.**

Progress: Ongoing - Data Working Group is in process of forming and will scope out inventory, cruising, GIS, road maintenance, monitoring and other data needs. The DWG will explore the development of standardized protocol for data collection and storage and opportunities to build a scalable and automated data management system with integration into existing programs such as TLMS.

Ongoing – Formed Data Working Group to review current and future forest management data needs.

Revised inventory and cruising protocol.

Started collecting plot-level inventory data to supplement the walk-through Stand Level Inventory (SLI).

Reorganizing the SLI flat file database as a relational geodatabase.

Let contract to update the inventory/cruising software.

Developing a mobile Electronic Data Recorder (EDR) version of the inventory/cruising software with mobile GIS capabilities.

Working with Centralize Services Division on enterprise GIS solutions.

**Collect new or updated forest inventory data on DNRC owned land.**

Progress: Ongoing - Continue to collect inventory data through in-house and contracted services.

Collected 20,300 acres of updated SLI data on Missoula Unit

Plan to collect 10,000 acres of walk-through SLI data and 1,000 acres of plot-level information, collecting 200 plots of tree data, on Libby unit. Collect 3,000 acres of SLI data on Missoula Unit and another 3,000 acres of SLI data on Plains Unit.

**Conduct tree improvement activities as identified in State Lands Tree Improvement Plan.**

Progress: Ongoing - Continue management of Missoula IETIC ponderosa pine orchard and the DNRC improved western larch orchard.

Harvested approximately 160 bushels of ponderosa pine cones.

Securing additional western larch seed from other cooperators sufficient for about 1.2 million seedlings.

**Provide technical support and training to field foresters and specialists in areas of hydrology, wildlife, soils, data requests, MEPA, and other forest management related activities.**

Progress: Ongoing - The Road School was conducted in September, 2004 with about 40 in attendance. Timber Sale Administration training is planned for the Spring of 2005 with ongoing training planned for future dates. Technical support will be provided upon request.

Conducted Timber Sale Administration Training in May of 2005 with about 70 in attendance.

Conducted a 3-day MEPA training in Helena with about 30 in attendance.

Conducted combined Forest Management/Real Estate Management Training in October, 2005 with over 100 in attendance. Conducted Orientation & a 1-day MEPA training for Forest Management new hires on January 18-19, 2006.

Intensive 3-day silvicultural training session planned for all field foresters this June.

Continue to provide direct and indirect technical support to field staff on timber sale projects.

**Minerals Management****Use appropriate technology to manage state mineral resources in an economically efficient and environmentally sound manner.**

Progress:

Generated gross school trust revenues of \$23.6 million with management costs of \$670,227.

Oil production from school trust lands increased by 25.9 percent to 1,400,063 barrels produced, while gas production increased by 26.4 percent to 7,240,046 MCF.

Primary TLMS modules for MMB complete. Scanning of mineral leases into TLMS 80% complete.

Draft school trust mineral ownership GIS layers prepared by FMB now undergoing testing and editing.

Bureau Annual Report now available on DNRC website at:  
[http://dnrc.mt.gov/About\\_Us/publications/2005/fy05mmbanreport.pdf](http://dnrc.mt.gov/About_Us/publications/2005/fy05mmbanreport.pdf)

**Conduct orderly leasing, permitting, evaluating, and recording of oil and gas, metalliferous and non-metalliferous, coal, and sand and gravel agreements for the benefit of the school trusts.**

Progress:

Processed 767 nominations for oil and gas leases. MMB conducted four quarterly lease sale auctions, with preparation and issuance of lease agreements.

Processed 11 applications for land use licenses, 6 applications for metalliferous and 9 applications for non-metalliferous leases, including preparation of MEPA review.

Processed 15 sand and gravel renewal applications and 14 new permit applications, including site review by field office, and preparation and issuance of permits by MMB. Field offices prepared and processed 18 small volume permit and 6 prospecting permit applications.

Processed 18 seismic permits applications, including site review by field office, preparation and issuance of permits by MMB.

**Review pre-development plans and inspect operations to ensure protection and the wise use of natural resources on school trust lands.**

Processed 73 reviews, including site and MEPA review by field office; with lease compliance, lessee status, depth restrictions, spacing requirements, and participation reviewed by MMB. Preparation and issuance of authorization by field office or MMB as appropriate.

**Provide periodic review and inspection of mineral leases to ensure compliance with lease agreements, statutes, and rules and regulations.**

Progress:

Processed 5 bond releases for expired mineral leases, permits and land use licenses.

Approximately 66 assists by field offices in the inspection of existing oil and gas leases and improvements, including photography of sites inspected, as appropriate.

Approximately 20 assists/corrective actions by field offices in identifying and resolving minerals management problems.

Approximately 40 reviews by field offices for approval of mineral reclamation.

**Evaluate potential federal and private mineral exchanges for the benefit of the state school trusts.**

Ongoing, in conjunction with surface exchange proposals. Six reviews in FY2005.

**Continue to audit reported production and royalty payments from oil, gas, and other mineral leases through a memorandum of understanding with the Department of Revenue.**

Ongoing, in conjunction with Department of Revenue tax/royalty audits.

Audits in FY2005 continued to reflect improved levels of compliance. Three audits were closed out with assessments totaling \$30,487. An additional 13 audits are currently in progress, three with preliminary assessments ranging from \$3,118 to \$621,422.

**Continue to evaluate the ownership and determine the title to riverbeds, islands, and abandoned river channels of the navigable rivers throughout the state.**

Ongoing, in response to requests or legal actions to resolve title.

19 reviews completed in FY2005, five of which addressed quiet title actions involving state-owned land.

**Record basic lease agreement information in the Trust Land Management System for its orderly retrieval and use in making management decisions for the benefit of the state school trusts.**

Ongoing. Processed 761 new oil & gas leases and 307 lease cancellations.

Received, processed and distributed over 16,000 rental and royalty payments totaling over \$23.6 million.

**Seek development of the Otter Creek Coal Property for the benefit of the Common School trust.**

Ongoing. The bureau followed up on the 2004 data acquisition program by participating in a joint effort with Great Northern Properties to produce a mine property evaluation utilizing all data now available. Completion anticipated in FY2006.

**Develop coal bed natural gas on state school trust lands.**

Ongoing. CBNG production from state lands increased 163% in FY2005. Royalty revenue from CBNG totaled \$1.23 million in FY2005.

## **WATER RESOURCES DIVISION**

**Mission:** The Water Resources Division is responsible for promoting and coordinating the beneficial use, conservation, protection and development of the Montana's water resources. The Water Resources Division carries out its duties for the purpose of promoting the general welfare and economic and social prosperity of the people of Montana. Sound coordination of the development and utilization of the state's waters allows the Water Resources Division to protect existing uses and to promote adequate future supplies for domestic, industrial, agricultural, recreation, the conservation of water for wildlife, aquatic life and other beneficial uses.

### **State Water Projects**

**Minimize the state's liability by inspecting, repairing, maintaining, and rehabilitating DNRC and DFWP water projects. (85-1-101, 85-1-206, 85-1-211, 85-1-219, MCA)**

- Maintain operating permits for DNRC and DFWP high-hazard dams to ensure compliance with the Montana Dam Safety Act. (36-14-401)
- Develop and implement instrumentation program for seepage monitoring, as funding permits. (36-14-407)
- Perform annual inspections on DNRC and DFWP water projects, complete necessary repairs, perform scheduled rehabilitation, and oversee needed maintenance.
- Repair failing concrete sections on the emergency spillway of Tongue River Dam. Sample test repairs will be implemented beginning in the fall of 2006. (85-20-301)
- Complete the feasibility study for the Frenchman's Dam Rehabilitation (2007).
- Complete the Martinsdale North Dam Riprap Project (2006).
- Complete the repair and rehabilitation of one gate at Painted Rocks Dam (2006). Complete the engineering study of the gates and spillway at Painted Rocks Dam (2006).
- Complete the Ruby Dam Rehabilitation feasibility study, (2006)
- Complete design and repairs to the Nilan North Dam Terminal Outlet Structure (2007)
- Complete repairs to address seepage in the Nilan East Dam (2007, pending funding)
- Complete the rehabilitation of Ackley Lake Dam (outlet tunnel lining, toe berm, drainage system - 2008)
- Perform peer review of the proposed rehabilitation for Deadman's Basin Dam (2007)
- Establish funding sources for the Ruby Dam Rehabilitation (spillway replacement, 2007)
- Complete the Ruby Dam Rehabilitation (spillway replacement - 2008).
- Prepare grant application to evaluate the cost and feasibility of early warning systems and automated instrumentation systems on selected dams (2006).

### **Canals:**

- Establish funding sources and develop rehabilitation plans for DNRC project canals.
- Complete emergency repairs to the Deadman's Basin Supply Canal. (2005/2006)
- Outline feasibility and design issues for the Smith Canal (Nilan Project) and secure design and repair funding (2007).
- Complete the rehabilitation of the Martinsdale North Dam Outlet Canal Drop Structures (2006).
- Secure funding for the rehabilitation of the Flint Creek Water Project East Fork Siphon via federal, private, and state resources (2006/2007).

**Ensure that DNRC and DFWP water projects are properly operated and managed. (85-1-101, 85-1-206, 85-1-211, 85-1-219, MCA)**

- Annually update emergency action plans. (36-14-406)
- Review and update the Operation and Maintenance manuals for DNRC and DFWP water projects, as needed.
- Review and update reservoir operating procedures, including minimum reservoir pools, as needed for each project in cooperation with water users.
- Continue hydrography (water measurement) program for DNRC water projects.
- Continue to implement, review and update the six-year Integrated Weed Management Plan for all DNRC water projects. Coordinate the development and submission of biennial reports on weed management activities to the Department of Agriculture, as needed.
- Continue to implement, review and revise as needed safety procedures and policies for all applicable projects, train personnel in safety procedures and purchase safety equipment, as funding permits.
- Continue to develop water conservation programs and water quality improvement programs for the water projects.
- Continue to monitor and participate in addressing issues and programs which may effect state water project operations, such as endangered species management, coal bed methane, TMDLs, cultural resources and recreational use.

**Dispose of projects no longer requiring state involvement in their operation and maintenance. (85-1-101, 85-1-210, 85-1-211, MCA)**

- Develop plans and finalize transfer of twelve inactive DNRC water projects.
- Complete the sale/transfer of the Fitzpatrick Ranch (Spring 2006).
- Perform site appraisals on all cabin site leases (2005).
- Update, competitively bid, and renew cabin site and grazing leases as they come due.
- Evaluate all cabin sites and agricultural leases at DNRC water projects for possible sale or transfer to private entities.

**Hydropower**

**Operate the Broadwater Power Project to maximize net power revenues while ensuring the long-term viability of the power plant's machinery and systems. (85-1-509, 85-1-510, 85-1-220, MCA)**

- Minimize down time by ensuring that the project is operational and any defects are repaired effectively. Broadwater operates 98% of the year at optimum power output.
- Monitor the power plant's operations and schedule necessary maintenance in advance of problems to provide for good planning. All major maintenance that requires shutdown of the facility is typically planned and performed during a two-week period in August.
- Improve the project's regulation of reservoir levels and stream flows. Additional improvements have been completed to the control systems that regulate stream flow through the facility.
- Comply with FERC regulations to resolve outstanding issues with regard to dam safety, public recreation, and environmental protection. Currently, there are no outstanding compliance issues with FERC for the project.
- Complete rehabilitation of the spillway bridge structure by fall of 2005 to ensure public safety and reduce the hazards of spring runoff resulting from high flows and large debris. The project was delayed for one year in order to request additional funding authority. The project will be completed by late fall of 2006.

**Ensure that water rights of DNRC water projects are properly protected and secured for the life of the project. (85-1-204, 85-1-211, MCA)**

- File and settle objections against DNRC project water rights and on claims to existing water rights and water right applications for new appropriations that encroach on DNRC water project water rights.

- Amend all claimed DNRC project water rights such that they reflect their historical purpose of use as storage and sale of water (2006).

**Assist parties seeking to lease hydropower development rights on DNRC water projects. (85-1-502 through 508, MCA)**

- Explain procedures, contract requirements and costs to inquiring parties.
- Update preliminary feasibility studies for retrofitting hydropower on state-owned dams.

**Water Management**

**As a part of the State Water Plan, develop statewide water plan sections that help Montana resolve water resource conflicts and problems in an efficient and effective manner. ( 85-1-101 and 85-1-203, MCA)**

- Complete the "Comprehensive Clark Fork Basin Watershed Management " Plan Section. (85-2-350) Status: Completed and presented to 2005 Legislature.
- Coordinate the \$100 million rehabilitation of the St. Mary diversion structures and canal that provides water into the Milk River basin. The Lt Governor chairs the project.
- Continually implement and evaluate existing State Water Plan recommendations. Status: This is a long-term endeavor and the project is ongoing.
- Prepare and update the Governor's report on the Status of Water Storage in Montana for each session of the MT legislature (85-1-701 thru 704). Status: Completed and submitted to the 2005 Legislature.

**As a part of the State Water Plan, provide staff support and planning assistance to local watershed user groups in solving water resource problems. (85-1-101 and 85-1-203, MCA)**

- Assist the Flathead Basin Commission with education outreach, basin management and water monitoring, stream restoration, and implementation of BMPs. Status: Staff of the WMB became chair of the Commission and in his capacity is reorganization the Commission staff and working with Commission members on a 5-year strategic plan.
- Provide support to the Bitterroot Water Forum with grant writing, implementation of water conservation and drought mitigation measures, and coordination of activities among the various water users and government agencies. Status: Activities are ongoing.
- Provide support to the Upper Clark Fork Steering committee with grant writing, implementation of drought and water conservation measures and investigations, and coordination of committee activities. (85-2-338) Status: Significant progress was made last year and staff support is ongoing.
- Provide hydrologic support to the Bighole watershed committee to mitigate the impacts of dewatering, drought, and providing stream flows for the Arctic Grayling. Status: Developed a Cooperative Agreement with DFWP, NRCS, and USFWS to develop CCAA agreements to protect the Arctic Grayling. Significant progress was made last year in developing agreements with large water right holders to leave water instream for Grayling. Work is ongoing.
- Help implement the recommendations of the Governor's Upper Yellowstone River Task Force on mitigating the impacts of flooding and the preparation of the cumulative impact assessment of the upper Yellowstone River channel. Status: Minor progress has been made since the Task Force was abolished. There is no entity in the basin to follow through with implementation.
- Provide GIS and other types of mapping, geomorphologic and hydrologic support to the Yellowstone River Conservation District Council and participate on its Technical Advisory Committee. Status: Significant progress has been made, however the Corps of Engineers, as a significant partner, has not completed its share of the work.

- Facilitate and provide staff support to the Upper Ten Mile Watershed group to mitigate the impacts of dewatering and water quality problems. Status: Significant progress has been made and facilitation continues.
- Actively participate on the Montana Watershed Coordination Council to improve services from local, state and federal agencies to local watershed groups throughout Montana. Status: WMB provides leadership and staff support to the MT WCC. Council is a very effective entity for coordinating technical support and education for local watershed groups.
- Assist the water users in the North Fork of the Blackfoot drainage and the Blackfoot Challenge to better understand the hydrology of the basin, implementation of stream restoration activities, and how to improve water conservation and the mitigation of drought impacts. Status: Hydrologic analyses have been completed and the results presented to the Blackfoot Challenge. Results have been used to improve water management during drought conditions.
- Provide technical assistance to the Milk River irrigators in implementing water conservation measures and to coordinate basin wide water management. Status: Progress was made, but the work continues.
- Provide hydrologic staff support to the Sun River Watershed Group on improving water management. This includes compiling an annual water budget for the watershed, operating flow monitoring gages, and chairing the water management subcommittee for the group. Status: Progress was made, but the work continues.

**Conduct technical analyses on water right and other water projects and management issues. (85-2-311; 85-2-316, 85-2-402, and 85-2-508, MCA)**

- Assess and evaluate existing technical data and collect new ground water information to define groundwater characteristics for establishing controlled ground water areas across the state such as the Sypes Canyon near Bozeman, North Hills near Helena, Burlington-Santa Fe railroad site near Flathead Lake (Somers) and the Bitterroot Valley Sanitary Landfill near Victor (85-2-501). Status: a number of these areas have been established either as temporary or permanent controlled ground water areas. Work continues in defining aquifer characteristics within temporary controlled ground water areas.
- Evaluate the complex and controversial surface and groundwater applications for new uses and changes in use. Status: a stakeholder advisory group has been formed and staff support and facilitation is being provided by the WMB to make recommendations to the 2007 Montana Legislature on improvements in the conjunctive management of surface and ground water. This project has required significant amount of staff time.
- Participate on and provide support to the Montana Bureau of Mines and Geology's Ground Water Assessment Advisory Committee. (85-2-901) Status: WMB hydrogeologist continues to provide technical support.
- Chair and provide technical support to the Powder River Controlled Ground Area. Status: WMB hydro geologist continues to provide technical support.
- Technical Committee for coalbed methane development and the Geothermal Controlled Groundwater Area Advisory Committee that is responsible for ground water development around Yellowstone National Park. Status: WMB hydro geologist chairs the Technical Committee and continues to provide technical support.
- Prepare environmental documents associated with proposed large provisional water use permit and changes in use applications. Status: No significantly large permit required an environmental document in 2005.
- Assess the technical and economic feasibility of the proposed Chester Irrigation project that would divert water from Tiber Reservoir. Status: The technical assessment and economic feasibility analyses were completed and submitted to the Chester Irrigation group.
- Complete water availability analysis for pending water rights within the Missouri, Clark Fork and Yellowstone River basins. Status: Technical analyses continue as new water right permits are requested.

- Provide technical assistance to the Reserved Water Rights Compact Commission as needed. (85-2-701 thru 708). Status: Minimal technical assistance was requested in 2005. However significant coordination occurred between the Commission and WMB staff on the rehabilitation of the Milk River Project and the review of the Administrative Procedures that apportions the flows of the Milk and St. Mary rivers between the U.S and Canada.
- Provide hydrologic support to the water users in the Shields River Basin on ways to improve water management. Status: The five years investigation was completed and the report presented to the Shields River water users.
- Provide hydrologic support to the Boulder River Watershed group on ways to improve water management. Status: The investigation is ongoing.
- Provide hydrologic assistance in implementing the water delivery and dewatering plan for Ruby River reservoir. Status: Hydrologic assistance was provided in 2005 to set up the river gaging stations and in projecting runoff flows.
- Evaluate the relationship between surface and ground water for new water uses and change in use applications, especially in those basins where senior water rights could be harmed. Status: A significant number of the ground water applications for new uses required the analysis of the relationship between surface water and ground water.
- Conduct water conservation investigations for local water users in the Bitterroot, upper Clark Fork and upper Blackfoot rivers, and on a number of tributary streams across Montana. Status: A number of the hydrologic investigations have been completed and the results presented to the water users in these basins.
- Conduct all economic analysis for the division such as determining the ability to pay by water users of state own projects and costs and benefits of rehabilitating certain projects and the development of new irrigation and storage projects. Status: A number of investigations have been completed and others are ongoing.

**Protect Montana water resource interests in regional and international water allocation and management decisions. (85-2-223, MCA)**

- Work with the International Joint Commission under the 1909 Boundary Waters Treaty to ensure that Montana receives its rightful share of flows from the Milk and St. Mary Rivers. The WMB is attempting to have the IJC review the 1921 IJC Order. Presently, the U.S. receives 40% and Canada receives 60% and both countries are to receive 50%. The discrepancy is most severe during drought years. Status: IJC created a Director to evaluate the Administrative Procedures. Significant work went into Milk/St. Mary Rivers International Administrative Task Force consisting of representatives of Montana, Alberta, Saskatchewan, U.S. and Canadian federal governments and the Blackfeet nation.
- Develop a computer model of the Milk-St. Mary River system that could be used by the IJC and governments to better apportion the flows of the river between the United States and Canada. Status: Wrote a grant application and received over \$80,000 to purchase and implement Riverware, a software model that will allocate flows of the Milk River. Work is ongoing. Training in the use of Riverware is occurring.
- Working with the Governor's Office, Flathead Basin Commission, and Flathead residents to maintain an open and positive dialogue with British Columbia on ways to protect the many unique features of the North Fork of the Flathead River drainage in Montana and British Columbia. Status: Worked closely with the FBC and Governors Office on a significant number of activities during the year to protect MT's interest in the transboundary Flathead.
- Negotiate a treaty with Saskatchewan based on the International Joint Commission recommendations for apportioning the waters of the Poplar River. The Treaty would also include maintaining water quality standards, groundwater protection, and a mechanism for resolving disputes. Status: No activities occurred during 2005 because of the emphasis on the Milk and St. Mary Rivers and the IJC Directive on these rivers.

- Coordinate annually with Saskatchewan, the implementation of the International Joint Commission recommended apportionment for the Poplar River. Status: Activity completed in 2005.
- Participate in the review and update of the Missouri River Annual Operating Plans for the main stem of the Missouri River; the Missouri River monitoring program; endangered species issues; and drought management and mitigation concerns. Work with Fort Peck Advisory Council and the Lower Missouri River CRM on these issues. Status: Significant amount of work occurred in the reorganization of the MRBA to MoRAST and in responding to the AOP and MRIC.
- Assist the DNRC Director with activities involving the Missouri River Basin Association. Status: Assisted the Director as needed with the activities of the MRBA. (note above)
- Provide information and advice to the Northwest Power Planning Council on activities that effect Montana 's waters such as amendments to the 1964 Columbia River Treaty, drought management plan for Flathead Lake, Pacific Northwest Coordinating Agreement, endangered species, etc. Status: Minimal activities occurred except commenting on the Columbia River Governors' Resolution regarding the Washington Initiative.
- Participate in the Colombia River Basin Interstate Working Group to improve reservoir operations, basin management decision-making, and to protect Montana 's interests in the Columbia River basin. Status: Minimal activities occurred during 2005.
- Protect Montana 's interest on the four interstate tributaries of the Yellowstone River through the administration of the Yellowstone River Compact. (85-8-801 thru 807, and 85-20-801). Develop the technical data to make sure Montana receives its entitlement in accordance with the terms of the Yellowstone River Compact. Status: Significant amount of work occurred obtaining technical data and preparing for litigation with Wyoming.
- Actively participate in the Federal Energy Regulatory Commissions (FERC) process for re-licensing of nonfederal hydropower projects to protect Montana 's interest. Status: No major hydropower project was up for re-licensing during 2005.
- Develop and participate in the development of federal policy initiatives, laws, regulations, etc. by working with the Western States Water Council and other regional and national water groups to ensure that the interests of Montanans are protected. Status: Minimal amount of work was required.

**Develop and maintain a data inventory of the state's water resources. (85-1-203, MCA)**

- Finalize a water use report for Montana in the year 2000. Status; Completed in 2005 and available to the public from the USGS.
- Maintain and improve the statewide river and stream-gaging network for Montana in cooperation with the USGS. These data are the foundation for making water supply management decisions in Montana. Status: WMB partners with the USGS to maintain the largest stream gaging network in Montana.
- Maintain about 40 additional temporary stream gages throughout the state to characterize the hydrology of river basins. These stations will be operated by DNRC staff and relocated once basic hydrologic information is accumulated. Status: All gages were operated in 2005 as part on a number of staff investigations.
- Assist other state and federal agencies in collecting GIS-based watershed information for making decisions at the local level. Status: Significant amount of GIS channel geomorphology data was collected and analyzed in the Yellowstone main stem in 2005.
- Maintain and make computer assessable the hydrologic data collected by the staff hydrologists. Status: Project in on going.

**Mitigate the impacts of drought. (2-15-3308, MCA)**

- Each April, prepare the statutorily required report to the Governor on the potential for drought. Status: Report completed
- Set-up and organize monthly meetings of the Governor's Drought Advisory Committee and assist the Committee in carrying out its statutory duties; assessing drought

conditions, defining appropriate drought response actions, coordinating integrated federal and state responses and educating citizens on ways to mitigate drought impacts. Status: All activities completed.

- Help other natural resource agencies plan and implement actions that serve to mitigate the impacts of drought to their constituents. Status: Difficult to assess, but more work is needed during drought.

**Provide Water Resource Education. (85-1-101 and 85-1-203, MCA)**

- Conduct "Know Your Watershed" workshops in four or five watersheds per year based on requests to the Montana Watercourse. Status: Because of the lack of funding and higher priorities, only a couple watershed workshops were completed
- Prepare a guide document to assist local watershed groups in developing their own "Know Your Watershed" workshop and for helping these groups solve water resource problems. Status: Prepare a couple brochures for water users.
- Conduct water commissioner and water right education and training in at least one town each year. (85-5-111) Status: Accomplished in 2005

**Water Rights**

**Provide approaches for resolving conflict. (Constitution, Article IX, Section 3(1)(4))**

Progress: The Department supported new law (HB609) that allows a water right holder, who is successful in going to court to stop someone without a water right from using water, be awarded their attorney fees by the District Court. The Department continues to encourage water users to communicate with each other to resolve conflicts and under certain circumstances staff are available to serve as a mediator. The Department completed a review of the Conflict Resolution policy and made changes to better inform violators of illegal actions. An attorney was hired to work with county attorneys to bring criminal and civil action against willful violators.

**Provide timely and consistent decision-making on water permit and change applications and other new water uses. (Constitution, Article IX, Section 3(4), 85-2-306, 85-2-307, 85-2-309, 85-2-310, 85-2-311, 85-2-312, 85-2-314, 85-2-317, 85-2-402, 85-2-419)**

Progress: Effective 01/01/2005, the Department adopted rules setting forth the requirements that must be met to deem an application correct and complete. Department staff now review applications and apply the rules consistently across the state. Additionally, the public has written information which identifies the information that is required in a water right application. The Department put in place a File Reduction Plan which involves sending applications from one regional office to another so that timely processing occurs. The Department hired a second hearings examiner and the attorney who works with complaints is also tasked with holding contested case hearings. Further, the Department trained its water resources regional managers on hearing procedures so that they could also hold hearings. The Department is gaining on the backlog of hearing files.

**Provide adjudication support to the Water Court. (Constitution, Article IX, Section 3(1), 85-2-243)**

Progress: The Department continues its ongoing support to the Water Court.

**Enhance electronic water right data to better serve staff and the public.  
(Constitution, Article IX, Section 3(4))**

Progress: The Department contracted with the designers of its Oracle water rights database to complete 5 phases of upgrades to the system. The upgrades have significantly improved the system and the Department recently issued a Water Court decree (410-Teton River) using the Oracle database. The Department's water right database information is served through the Montana State Library (NRIS) and is in a format that allows the public to request reports on various water rights. Several query options can be used to find water rights data including water right owner name, source, and legal land description.

**Work with sister agencies and industries to develop an efficient method for updating water right ownership using innovative approaches and technology.  
(85-2-421 thru 85-2-431)**

Progress: The DNRC supported law that required sellers to disclose water right information to buyers before a deed could be filed in the county records. A Realty Transfer Certificate form must be completed and is required by all county offices when there is a transfer of land ownership. The DNRC and the Department of Revenue worked together to design a Realty Transfer Certificate which includes information about the land transfer and which includes a DNRC Water Right Ownership Update form. The filing of Ownership Updates has increased significantly since this action was taken. The Department continues to look for ways to automate this process.

**Prevent and mitigate surface and groundwater quantity and quality problems.  
(Constitution, Article IX, Section 3(1)(4), 85-2-113, 85-2-311)**

Progress: The Department created a Surface Water/Ground Work working group that included volunteers, the Department, and other affected interests. The mission is to examine and evaluate existing law and rules related to water rights, with emphasis upon the management and interaction of surface waters and ground water, and make recommendations, if necessary, to improve future conditions. Five meetings have been held and progress is being made towards understanding the issue and possible resolution of the concerns.

**Process and administer petitions for controlled groundwater areas and basin closures. (85-2-319, 85-2-506 thru 85-2-508, 85-2-322, 85-2-323, 85-2-337)**

Progress: The Department has granted 16 temporary or permanent controlled ground water areas. The last two petitions have been extremely contentious and the Department is considering changes to define the requirements for filing a petition. Further the Department wants to clearly define its role in the decision on

a petition and implementation of an authorized controlled ground water area petition.

**Enforce the waste water statute. (85-2-114, 85-2-505, 85-2-514, 85-2-520)**

Progress: Ongoing

**Administer existing water reservations. (Constitution, Article IX, Section 3(4), 85-2-316, 85-2-331, 85-2-601)**

Progress: The Department continues to assist water reservation holders by explaining the type of right they hold, how it can be changed, and maintaining water use records for the Conservation Districts. The Department performs a review of water reservations to determine if the objectives of the water reservations are being met. The Department has determined that those objectives are currently being met. Technology did not exist in the late 1970s and early 1980s to allow the Department to enter all of the data related to instream flow water reservations. Recently, however the Department was able to code all of that data and the information is now available on the NRIS website as well.

**Provide technical assistance to the Reserved Water Rights Compact Commission in the quantification and resolution of both Indian and non-Indian reserved water rights. (Constitution, Article IX, Section 3(1)(4), 2-15-212)**

Progress: Ongoing technical support.

**Administer water right portions of existing Compacts. (U.S. Fish and Wildlife Service-Montana, Fort Peck-Montana , Northern Cheyenne-Montana, U.S. National Park Service-Montana , U.S. BLM-Montana). (85-20-all)**

Progress: The Department continues to monitor new appropriations within compacted boundaries as allowed and reports activities as required by the compacts.

## **Water Operations**

**Goal: Promote and coordinate the management and regulation of flood prone lands and waters in a manner consistent with sound land and water use management practices that will prevent and alleviate flooding threats to life and health and reduce private and public economic losses. (76-5-101, MCA)**

- Objective: Provide technical and administrative assistance to local officials of 119 units of local governments to manage flood-prone lands, including the adoption, enforcement, and administration of land use regulations. (76-5-102)
  - o During FY 2001, the Floodplain Management Program sent out approximately 200 written responses to floodplain issues and concerns. Also, approximately 1200 phone contacts were made during

the fiscal year. Of that total, 45 percent provided technical assistance, and 8 percent required follow-up.

- Objective: Develop and provide information to identify lands, which are unsuited for certain development purposes because of flood hazards by doing 2 flood plain delineations per year. (76-5-201)
  - o Engineer studies for floodplain delineation are on going on the Upper East Gallatin and Basin Creek. Upper East Gallatin is approximately 60% completed and Basin Creek is 25% completed.

**Goal: Ensure the competency of monitoring and water well drillers and contractors and to prevent the waste and contamination of groundwater resources within the state. (37-43-101, MCA)**

- Objective: Investigate complaints against drillers within 10 days of receipt and assist the Board to enforce water well construction standards. (37-43-309)
  - o During the time the position was occupied, there were 753 contacts by phone and e-mail seeking information, 18 complaints submitted to the Board and resulted in a mediated settlement.
  - o Three educational classes were given to water well drillers on GPS, web site filing of well logs, and rock identification.
- Objective: Administer tests and manage 350 licenses of monitoring well and water well drillers and contractors. (37-43-305)
  - o 276 people were licensed in three categories: water well contractors, monitoring well constructors, and water well drillers. 15 of these were new licensees. Eleven former licensees did not renew their licenses. A new category of apprentice drillers has been established and 79 individuals are listed.
- Objective: Provide one full time inspector per year for inspections and license administration.
  - o The position was laid off in October, 2005 because of a reduced number of license revenues and the job became vacant in December. We are in the process of rehiring the position and increasing the fee for licenses and renewals.
- Objective: Provide department representative on the Board of Water Well Licensing and participate in 4 disciplinary hearing per year and 4 regular Board meetings. (37-43-202)
  - o The Board continues to hold 3 to 4 Board meeting a year. No disciplinary hearing were held.

**Goal: Assure that dams in Montana are constructed, operated, and maintained properly without undue danger to downstream inhabitants and property yet balancing the crucial role in maintaining the vitality of Montana's economy. (85-15-115, MCA)**

- Objective: Administer a permit program for high hazard dams by evaluating 20 hazard classification applications per year. (85-15-209), granting or denying, within 60 days, applications for construction or major repair of a high hazard dam. (85-15-210), granting, renewing or denying, within 90 days, applications for an operation permit of a high hazard dam. (85-15-212)
  - o Received 4 hazard classifications. There were delays in processing 3 of them within the required 60 days: the regional engineers are responsible for the hazard evaluations. Increased responsibilities to the regional offices in response to house bill 22 and the water rights adjudication have added extra work to the regional engineers, affecting their ability to get hazard evaluations done in the required time.
  - o Approved 7 operation permits this year. Several are pending approval, waiting for additional information from engineers. Not getting the right information from the owner's private consultant engineers or reports in a timely manner has been an on going problem. To remedy this situation, an effort will be made to remind owners and engineers what is required and consequences for failure to meet deadlines.
- Objective: Visit up to 30 high hazard dams per year to assure compliance with the operation permit. (85-15-212)
  - o Visited 3 dams in preparation for next years operation permits, visited 6 dams as part of construction inspections, and participated on 3 five year inspections of state owned dams.
- Monitor construction and quality control on 5 construction projects on high hazard dams per year. (86-15-211)
  - o There are 6 active construction permits (construction underway, or waiting for final documentation), and 1 completed construction permit. Numerous inspections have been completed on all four projects.
- Objective: Participate in and direct 5 test exercises of emergency action plans of 5 permitted high hazard dams per year. (85-15-212)

- Scheduled EAP table top exercise of the 2006 will be Beaver Creek Dam in Havre in April. Cedar Creek will be tested in May and Dry Fork will be tested in June
- Participating with the Bureau of Reclamation and PPL Montana to plan and conduct table top and functional exercises on three high hazard dams in Montana, two in February and one in March.
- Objective: Conduct and provide one training session for private engineers and one for high hazard dam owners each year on an aspect of dam safety related to high hazard dams. (85-15-208)
  - Provided technical assistance and guidance for formation of an Association of Montana Dam and Canal owners to assemble a group for working on problems and issues and training.
  - A quarterly Association newsletter is being created to provide and exchange information with dam owners and professional engineers on all aspects of dam safety.
  - A Dam Safety E-news has been issued to exchange information, training opportunities, present articles and technical papers and to keep engineers current and up to date on issues within the dam safety profession.
  - An Advanced Engineering Equipment course is being developed to enhance the engineers knowledge and abilities in operating and using all the equipment that is required to completed field projects.
  - A technical engineering seminar on Concrete Design was held in September 05 and a Failure Mode Analysis is scheduled for March 2006.
- Objective: Conduct 10 investigations of complaints of unsafe dams per year and issue orders or recommendations to assure a safe dam. (85-15-214)
  - There have been no complaints filed this fiscal year.

**Goal: Assure that water diverted from chronically dewatered streams is used efficiently and effectively.**

- Objective: Provide technical assistance and conservation education to water users on the Big Hole, Jefferson Rivers and two other rivers or streams per year as requested. (85-2-150).
  - Assists in the measurement of diversions and streams in the upper Big Hole Basin as part of grayling recovery efforts, and to develop more efficient diversion strategies. Plans are to work more closely with the Big Hole Watershed Committee and water users to install more accurate measurement devices. Measurement assistance and analysis is also

provided to water users on smaller tributaries, such as Rock Creek and this coming year to Rattlesnake Creek water users. Snow pack data, analysis and forecasts are also presented at monthly watershed meetings.

- Most of the Jefferson River water measurement work has been turned over to the Jefferson River Watershed Council and its' contracted consultant. Some assistance is provided for making measurements as needed, and in providing data, ratings, review and analysis to the consultants. Snow pack data, analysis and forecasts are also provided as requested
- Objective: Enforce the requirement for water measuring devices on water diversions on Mill Creek and the Musselshell River by field checking 20% of the water diversions per year. (85-2-113).
  - The instream flow lease has not been renewed by FW&P and a need for enforcement of the diversion requirements have been eliminated. Efforts may again intensify on Mill Creek (tributary to the Yellowstone River) in 2006
  - Most of the enforcement efforts within the Musselshell Basin are handled through the Lewistown Regional Office and through district court orders that require measuring devices on all diversions. There has been quite an effort in recent years in the basin to reduce non-compliance.